

Message Text

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PAGE 01 STATE 240193

62

ORIGIN EB-07

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P 082135Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA PRIORITY

AMCONSUL MELBOURNE PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, AS

SUBJECT: SECRETARY OF TRANSPORTATION FINDS AUSTRALIAN
CHARGES DISCRIMINATORY

1. BY LETTER TO SECRETARY DATED OCTOBER 7, SECRETARY OF
TRANSPORTATION COLEMAN HAS MADE FINDING UNDER INTERNATIONAL
AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES ACT THAT
AUSTRALIAN USER CHARGES AND TERMINAL RENTS DISCRIMINATE
AGAINST INTERNATIONAL CARRIERS AS CLASS, AND THEREFORE
AGAINST U.S. CARRIERS AS COMPARED WITH DOMESTIC CARRIERS.

2. TEXT FOLLOWS:

QUOTE: PURSUANT TO SECTION 3 OF THE INTERNATIONAL AIR
TRANSPORTATION FAIR COMPETITIVE PRACTICES ACT OF 1974,
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PAGE 02 STATE 240193

PUBLIC LAW 93-623, I HEREBY REPORT TO YOU AND THE CIVIL

AERONAUTICS BOARD THAT I HAVE DETERMINED THAT CHARGES IMPOSED UPON UNITED STATES AIR CARRIERS BY THE COMMONWEALTH OF AUSTRALIA FOR THE USE OF AUSTRALIAN AIRPORT AND AIRWAY PROPERTY ARE DISCRIMINATORY. I HAVE BASED MY DECISION UPON A CAREFUL EXAMINATION OF THE AUSTRALIAN AIR NAVIGATION (CHARGES) ACT AND THE SCHEDULE OF RENTAL FEES FOR FACILITIES BY SYDNEY INTERNATIONAL AIRPORT.

THE CHARGES IMPOSED PURSUANT TO THE AIR NAVIGATION (CHARGES)ACT, ALTHOUGH THEY TREAT ALL INTERNATIONAL CARRIERS EQUALLY, DISCRIMINATE AGAINST SUCH CARRIERS AS A CLASS. CHARGES ARE PAYABLE UNDER THIS STATUTE FOR THE USE OF AUSTRALIAN AIRPORTS, AIR ROUTE AND AIRWAY FACILITIES, AMONG OTHER SERVICES. THE TOTAL CHARGE FOR SUCH SERVICES IS DETERMINED BY MULTIPLYING A UNIT CHARGE BASED UPON THE WEIGHT OF THE AIRCRAFT BY A FACTOR RELATED TO THE ORIGIN OR DESTINATION OF THE FLIGHT. ALTHOUGH THE FACTORS USED TO MULTIPLY UNIT CHARGES FOR AIRCRAFT USED IN DOMESTIC SERVICE VARY IN ACCORDANCE WITH THE DISTANCE FLOWN, AND THUS REPRESENT THE EXTENT TO WHICH AUSTRALIAN AIRWAY PROPERTY AND RELATED SERVICES ARE USED, THE UNIT CHARGES FOR ALL AIRCRAFT IN INTERNATIONAL SERVICE ARE MULTIPLIED BY A FIXED FACTOR OF 8. THIS IS SO IRRESPECTIVE OF THE EXTENT TO WHICH A PARTICULAR INTERNATIONAL FLIGHT ACTUALLY USES AUSTRALIAN AIRWAY PROPERTY. IN MANY CASES, INTERNATIONAL FLIGHTS ARE CHARGED MORE THAN DOMESTIC FLIGHTS USING IDENTICAL AMOUNTS OF AIRWAY PROPERTY. BECAUSE THE COST TO THE COMMONWEALTH OF AUSTRALIA OF SERVICING SUCH FLIGHTS APPEARS TO BE VIRTUALLY THE SAME, I HAVE CONCLUDED THAT THIS SYSTEM OF CHARGES IS DISCRIMINATORY. WE HAVE TENTATIVELY ESTIMATED THAT IF DOMESTIC FLIGHT FACTORS WERE APPLICABLE TO PAN AMERICAN WORLD AIRWAYS, INC., THE CHARGES TO IT WOULD BE REDUCED BY 483,000 DOLLARS PER YEAR.

IN ADDITION, THE PRESENT LEVEL OF TERMINAL RENTS CHARGED TO PAN AMERICAN WORLD AIRWAYS, INC., AT LIMITED OFFICIAL USE

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PAGE 03 STATE 240193

SYDNEY INTERNATIONAL AIRPORT RESULTS FROM A MISALLOCATION OF EXPENSES THAT FAVORS THE DOMESTIC CARRIERS WHICH SHARE THIS AIRPORT. BECAUSE RENTS FOR TERMINAL SPACE DISCRIMINATE AGAINST ALL INTERNATIONAL CARRIERS AS A CLASS, I AM ALSO REPORTING THEM TO YOU UNDER SECTION 3.

TECHNICAL AND INFORMATIONAL DISCUSSIONS WITH

APPROPRIATE AUSTRALIAN OFFICIALS HAVE BEEN HELD.
HOWEVER, IT APPEARS THAT THE COMMONWEALTH OF
AUSTRALIA WILL CONTINUE TO IMPOSE CHARGES UPON
U.S. CARRIERS WHICH ARE DISCRIMINATORY.

IN LIGHT OF THE FOREGOING, I REQUEST THAT THE
DEPARTMENT OF STATE, IN COLLABORATION WITH
REPRESENTATIVES OF THE CIVIL AERONAUTICS BOARD,
PROMPTLY UNDERTAKE NEGOTIATIONS WITH AUSTRALIA
AS REQUIRED BY SECTION 3 OF THE INTERNATIONAL FAIR

COMPETITIVE PRACTICES ACT WITH A VIEW TOWARDS REDUCING
AIRPORT RENTS AND ELIMINATION OF THE DISCRIMINATORY
USER CHARGES. UNQUOTE.

3. PLEASE PASS TEXT SOONEST TO INTERESTED GOA
OFFICIALS. (DEPT WILL ALSO PASS COPY TO AUSTRALIAN
EMBASSY HERE.) REQUEST FOR CONSULTATIONS, AS LAW
REQUIRES, WILL FOLLOW LATER.

4. DOT PLANS RELEASE LETTER PUBLICLY WITHIN DAY OR
TWO. KISSINGER

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